

# Drug Rebate Newsletter

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## Inside this issue:

COHS Defined	1
Authority	2
Separate Invoice	2
PQAS	3

## Important Dates

- October 8, 2004  
2Q 2004 Payment due
- November 1, 2004  
AMP data due to CMS and DHS

## County Organized Health System (COHS) Medi-Cal Claims

COHS Medi-Cal claims have been a part of Medi-Cal program since CMS approved the first COHS plan in 1983. A COHS is a non-profit, independent public agency that contracts with the State to administer Medi-Cal benefits through local care providers and/or Health Maintenance Organizations. A waiver was granted to allow COHS claims to be invoiced as part of Medi-Cal utilization for drug rebate purposes. Beginning with the first quarter of 2002, COHS Medi-Cal utilization was invoiced separately for quality control. Occasionally the COHS plans submit late or incomplete utilization data. As a consequence, Prior Quarter Adjustments may be required.



### COHS Defined

The COHS managed care model ensures Medi-Cal recipients access to comprehensive, cost-effective health care. Each COHS plan is sanctioned by the County Board of Supervisors and governed by an independent commission. Federal regulation limits the number of COHS plans to five, with the collective maximum COHS beneficiary enrollment of ten percent of the Medi-Cal population.

The five COHS plans are collectively known as the California Association of Health Insuring Organizations (CAHIO), which was formed in 1994. Together the five member plans (defined in federal law as "Health Insuring Organizations," and in California state law as "County Organized Health Systems") serve as the primary health delivery system for approximately 517,000 of the State's 5.3 million Medi-Cal recipients. Five COHS plans administer the program for eight counties:

- CalOptima – Orange County
- Central Coast Alliance for Health – Santa Cruz and Monterey Counties
- Health Plan of San Mateo – San Mateo County
- Partnership Health Plan – Solano, Napa, and Yolo Counties
- Santa Barbara Health Initiative – Santa Barbara County



## Authority for Drug Rebate Collections

The State of California submitted a proposal under Section 1915(b) of the Social Security Act authority to allow under the COHS model, a local agency with representation from providers, beneficiaries, local county government, and other interested parties, to contract with the Medi-Cal program. Operating under federal Medicaid freedom of choice and other waivers, the COHS administers a capitated, comprehensive, case managed health care delivery system.

For more information on Section 1915(b) of the Act, please visit the CMS website, <http://www.cms.hhs.gov/medicaid/waivers/>. A brief excerpt is provided below.

### 1915(b) FREEDOM OF CHOICE WAIVERS

PURPOSE: Section 1915(b) of the Social Security Act provides "the Secretary may . . . waive such requirements of section 1902(other than subsection (s) (other than sections 1902(a) (13)(E) and 1902(a)(10)(A) insofar as it requires provision of care and services described in section 1905(a)(2)(C))."

1. GENERAL FEATURES: States are permitted to waive statewideness, comparability of services, and freedom of choice. 1915(b) waivers are limited in that they apply to existing Medicaid eligible beneficiaries, authority under this waiver cannot be used for eligibility expansions. There are four 1915(b) Freedom of Choice Waivers:
  - (b)(1) mandates Medicaid Enrollment into managed care
  - (b)(2) utilize a "central broker"
  - (b)(3) uses cost savings to provide additional services
  - (b)(4) limits number of providers for services

The approval letters and fact sheets for each COHS plan can be found on the CMS website: <http://www.cms.hhs.gov/medicaid/waivers/CAwaiver.asp?state=CA>

## Separate Invoice



Historically, the COHS utilization data was included with the Medi-Cal utilization data through the third quarter 2001. Subsequently, the COHS utilization data is invoiced separately for quality control purposes. As a result of poor data submitted by the plans in the fourth quarter 2001, COHS utilization was not included with the fourth quarter 2001 Medi-Cal invoice. Starting with the first quarter 2002 Medi-Cal invoice, which included the fourth quarter 2001 COHS utilization data, California sent out separate invoices for

## Prior Quarter Adjustments

There have been Prior Quarter Adjustment Statements (PQAS) that have increased the unit total invoiced of the COHS invoices. On occasion the COHS plans submit late or incomplete invoice utilization data. The Department screens the data for quality and rejects tapes that are of poor quality. The PQAS are generated as a result of the late submittals and resubmittals that arrive after the invoices have been generated.

The Department of Health Services is committed to working with the individual COHS plans in reconciling their data submission. A Corrective Action Plan is in place and attaining substantial progress.



## CALIFORNIA DEPARTMENT OF HEALTH SERVICES

**1501 Capitol Ave., MS 4600  
P.O. Box 997413  
Sacramento, CA 95899-7413**

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